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**THE ECONOMIC OUTLOOK**

THE EDITORS

VOL. 6

8

**TWENTIETH CENTURY BYZANTIUM**

GEORGE OLSHAUSEN

*Will Racism Be Erased?*

SPECIAL CORRESPONDENT

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

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## NOTES FROM THE EDITORS

The Associates appeal is running about even with last year at this time. This is good as far as it goes, especially in view of the clear evidence that many MR readers are economically worse off this year than they were last. But it is no cause for complacency. There is still a long way to go to reach last year's final total, and the magazine needs every cent of it and more. If you haven't yet joined the Associates, remember it isn't too late.

We were fortunate enough recently to pick up the remaining unsold copies of Darel McConkey's *Out of Your Pocket*, a devastating exposé of the methods and practices of the big American monopolies. There are many books about monopoly in terms of economic theory or financial results, but this is the  
(continued on inside back cover)

## REFLECTIONS ON THE ECONOMIC OUTLOOK

Where is the American economy headed? Is there going to be a depression? If so, when? If not, why not? What is the outlook for the longer run, say the next decade?

These are typical of the questions that are in every thinking person's mind, and all serious analysts of the American scene must try from time to time to answer them. Our last piece on the economic situation was published just a year ago ("The Economic Turning Point," MR, November 1953), and a number of readers have reminded us that it is time for a fresh appraisal.

We agree, and in what follows we shall attempt, *first*, to sketch the theory which guides our thinking on this whole range of topics; *second*, to apply the theory to the problem of the next decade; and *third*, to analyze the outlook for the immediate future.

**A Theory That Makes Sense**

In the capitalist economy, there are three main categories of buyers whose combined purchases make up the total demand for goods and services:

- (1) Households and individuals, comprising together what we ordinarily call consumers.
- (2) Private enterprises of one sort or another which can conveniently be collected together under the heading of business.
- (3) Government—federal, state, and local.

A boom is a period in which total demand rises, a depression a period in which total demand falls. Between boom and depression, and again between depression and boom, there are longer or shorter periods of relative stability in which total demand changes but little, while preparing, as it were, to reverse its earlier direction of movement.

If we had a completely satisfactory answer to the question as to what determines these movements of total demand, political economy would be a finished and perfected science. We don't, and it isn't. But this does not mean that we know nothing about the subject, or that one man's guess is as good as another's. If we fasten our attention on the basic characteristics of the system, and keep it there, we can

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discern certain forces at work which decisively condition and limit the shape of economic reality.

The *most* basic characteristic of the system is that capitalists are in the driver's seat. It is the big monopolistic or semi-monopolistic corporations which make the key decisions to hire labor, invest in plant and equipment, and pay out dividends. And it is these decisions which not only determine the magnitude of business demand for goods and services, but which also go far toward deciding how much income consumers have to spend in satisfying their own needs and wants. It follows that the scientific analysis of capitalism must take its start from the behavior of capitalists and not, as is the custom in bourgeois economics, from the behavior of consumers.

Now, as it happens, we *do* know what motivates and dominates the behavior of capitalists. They have two overriding objectives: (1) to make as much profit as they can, and (2) to utilize the profit in such a way as to improve and strengthen the position of their own company both in its particular industry group and in the economy as a whole. Objective (1) implies the classical injunction to "buy cheap and sell dear"; objective (2) requires the constant expansion of the business either through "plowing back" earnings, or when conditions are favorable, through borrowing from others. The pursuit of these aims, it must be emphasized, is not something that capitalists are free to accept or reject according to their individual tastes, any more than, say, a football player is free to accept or reject the aim of making touchdowns. Capitalism has its logic and rules just as football has, the big difference being that the stakes are much higher and the pressure to conform correspondingly greater.

When all capitalists are playing the game according to the book, the result is on the one hand to keep consumers' incomes in check and to raise prices, and on the other hand to push forward the expansion of the economy's productive capacity. Capitalists' behavior, in other words, generates two mutually contradictory tendencies. It holds back consumption and spurs on production. This contradiction is at once the source of capitalism's greatest historical accomplishments and its Achilles' heel. It explains the enormous growth in the apparatus of production in the advanced capitalist countries during a period of more than two centuries; it also explains why the great majority of the population of these countries have remained poor and ignorant. Most important from our present point of view, it explains why an increase in total demand that has its origin in capitalists' expenditure (or investment, as it is commonly called) is self-limiting: in the very nature of the case, the growth of productive capacity tends to outpace the growth of consumers' demand until capitalists are confronted with the unpleasant but unavoidable necessity of curtailing production or running at a loss. *The natural fruit*



*of a capitalist boom is depression, and in the technologically most advanced and best equipped capitalist societies the depression tends to become chronic and to give way to perpetual stagnation.*

This is a law of capitalist development which is as inexorable in its way as the law of gravity. But it does not work unobstructed any more than (fortunately) the law of gravity does. If capitalism were allowed to operate according to its inner logic, it would reveal itself as a manifest absurdity and would soon be abolished as incompatible with the health and welfare of the human race. Like a biological organism, therefore, capitalism develops protective mechanisms against its own self-destructive drives. These protective mechanisms center in the state, and their working principle is that government can become a third force, along with business and consumers, in the determination of total demand for goods and services.

From the time when a capitalist society enters the period in which the continuous functioning of the protective mechanism is essential to its further existence, the important issues of politics all relate, directly or indirectly, to the ways and means, the sources and beneficiaries, of government spending. And these issues, in turn, increasingly reduce to the one great single central issue of *welfare versus warfare* as the fundamental objective of government policy.

The capitalists gravitate toward warfare not because they are naturally more bloodthirsty than anyone else, but because a society oriented towards military virtues and goals is one in which a small ruling class finds it easiest to preserve its status and privileges. As to the mass of the people, their natural interests of course incline them to favor an unlimited welfare state, with the result that the dominant concern of capitalist ideological and cultural activity becomes increasingly to obscure these natural interests and to persuade the people that their welfare and happiness are irrevocably tied up with the continued existence of the capitalist order.

An oversimplified theory of twentieth-century capitalism? Certainly, but at any rate it has the great merit of making sense. In particular, it enables us to give a rational and reasoned account of recent American history, which is more than can be said for most of what passes for theorizing these days among academic and official social scientists.

It is impossible to say just when American capitalism entered the phase of chronic depression, but it had certainly arrived there by the 1930s, and a good case can be made out that but for World War I the date would have been some two decades earlier. The protective mechanism of vast government spending was suddenly thrust on the system during the half decade 1915-1920, and its continuing necessity was hidden from view in the "artificial" boom conditions which al-

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ways follow a major war. By the late 1920s, the federal government was making a negligible contribution to the total demand for goods and services,\* and the system was virtually defenseless against its own self-destruction drives. The result was the greatest economic and political crisis since the Civil War, a true turning point in the history of American capitalism. From this time forward, the federal government was forced into playing a key role in the economy, and there was no longer a chance of even a temporary reversion to the pre-1914 pattern such as occurred in the 20s.

What form government intervention takes varies with the particular social composition and historical background of each capitalist country. In the United States, the protective mechanism first took the form of the New Deal, with the emphasis on welfare rather than warfare; but in the same period in Germany, the second most developed capitalist country, the problem was dealt with by an immediate reliance on militarism. And indeed, subsequent developments in the United States suggest that this course is the more natural one for a capitalist country.

The New Deal met with bitter resistance from the capitalist class almost from the beginning and was never more than partially successful in overcoming the Great Depression. The administration which was responsible for it was saved from political defeat by the (from its point of view) fortuitous outbreak of World War II, and everything that has happened since has shown how much easier it is for capitalism to accept a protective mechanism based on warfare than one based on welfare. (This conclusion holds, incidentally, regardless of whether or not one approves of the aims of United States foreign policy in the post-World War II period. As the leading spokesmen of American capitalism themselves are always telling us, Communism can be fought by welfare measures (at home and abroad) as well as by police and military means, and indeed in the UNRRA-Marshall Plan-Point Four era American policy was based to a considerable extent on this premise. The way it has shifted increasingly to reliance on military means throws a revealing light on the natural propensities of the system.)

Turning now from the past to the future, it should be obvious that our analysis provides no support for the view that there is likely to be a repetition of the Great Depression. It is to be anticipated that government will become a more, not less, important factor in the de-

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\* In 1929, gross national product (which is really only another name for the total demand for goods and services) amounted to \$104 billion. Of this amount, \$8.5 billion represented purchases by governmental units of all kinds, of which only \$1.3 billion came from the federal government. In other words, the federal government was responsible for little more than 1 percent of the total demand for goods and services in 1929.

mand for goods and services as time goes on. Government's reaction to economic recessions is likely to become more rapid and more taken for granted; and as the productivity of the economy grows and the underlying problem of underconsumption grows with it, the share of government in the total demand for goods and services is likely to increase. Whether or how soon a genuine political struggle over the objects of government spending is likely to develop, there is no telling now. But if and when it does, the central issue is sure to be welfare versus warfare—as, in a sense, it has been all along despite the fact that the partisans of welfare have never seen the problem clearly nor mustered their forces for an effective fight.

## The Next Decade

If this general perspective is sound, as we believe it to be, then much of what is now being written about the outlook for the American economy over the next decade or so is rubbish or worse. We can perhaps best see this in the case of the latest piece of literature of this kind, entitled *Potential Economic Growth of the United States During the Next Decade*, written by the staff of the Joint Congressional Committee on the Economic Report and published in October by the Government Printing Office. Apart from its official sponsorship, this document gains added weight from having been submitted in draft to 150 leading economists and revised in the light of their comments and suggestions. "It is believed," states Staff Director Grover Ensley in his Letter of Transmittal to the Committee, "that as a result of an extensive process of discussion and review these materials now represent a consensus of what leading economic analysts at this time consider to be reasonable assumptions for use in private and public planning for the decade ahead." (P. IV.)

We have no particular fault to find with the report's assumption that between 1953 and 1965, the gross national product of the United States, measured in 1953 prices, will rise from \$365 billion to \$535 billion, an increase of just under 50 percent. Considering present trends in population and technology, which there is no reason to assume will be reversed in the near future, the increase is modest enough and almost certainly would be considered wholly inadequate by everyone concerned if the United States were a planned socialist society. We have only to rule out the possibility of a major depression to make an estimated increase of this size quite plausible, and our theory does rule out that possibility.

What we find questionable is the *composition* of the gross national product which the report forecasts for 1965. Our authors seem either to have learned nothing from the past 25 years or else to assume that the persistent trends of this eventful period are as easily reversible as the collar on your shirt. Here are the *actual* changes in

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total demand for goods and services during the last two twelve-year periods as compared to the *projected* change during the next twelve-year period (the choice of dates, it should be noted, while accidental, is not unhappy since it cuts out the extremes of depression and war):

### TOTAL DEMAND FOR GOODS AND SERVICES

(Actual 1929, 1941, and 1953; projected 1965)

	1929		1941		1953		1965	
	Billions\$	Percent	Billions\$	Percent	Billions\$	Percent	Billions\$	Percent
Consumers	79.0	75.6	81.9	65.0	230.1	63.1	357	66.7
Business	17.0	16.3	19.2	15.3	49.5	13.6	81	15.2
Government	8.5	8.1	24.8	19.7	85.2	23.3	97	18.1
Total	104.5	100	125.9	100	364.8	100	535	100

Looking first at the percentage figures, we see that in the case of each category of demand, the authors of the report have cheerfully reversed the trend of a quarter century. The year 1953, they seem to be telling us, represents the maximum departure from 1929, and from now on we are going to retrace our steps. By 1965, we will be about back where we were in 1941. If the projection were carried forward to 1977, would we not be all the way back to the Golden Era of the 20s? It is doubtless a pretty capitalist dream, though, like many another dream, it can hardly be free of worrisome undertones—for example, the recollection that in 1941 approximately 10 percent of the labor force was unemployed, or that 1929 was the year of the stock market crash and the beginning of the Great Depression. If we go back to the old pattern of demand, can we avoid going back to the old pattern of depression?

We have no hesitation in answering this question with an emphatic "no." The more closely the report's assumptions are studied, the more clearly does it emerge that the authors are simply assuming away the real problems. They do not postulate any redistribution of income from profits to wages such as might be expected to stimulate consumption and justify massive investments in the consumer goods industries. Instead, both categories of income are assumed to grow in proportion to productivity, and tax reductions (reflecting the assumed relative decline in government spending) are allocated in such a way as to favor business more than consumers. The result, as can be seen from the table, is that business spending (gross investment) is assumed to increase in the twelve year period 1953-1965 from \$49.5 billion to \$81 billion, or at an annual rate of 5.3 percent; consumer spending from \$230.1 billion to \$357 billion, an annual rate of 4.6 percent; government spending from \$85.2 billion to \$97 billion, an annual rate of 1.2 percent. Since consumer spending and government spending taken together represent the final demand for goods and

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services, we might combine them: the combined amount then rises from \$315.3 billion to \$454 billion, an annual rate of 3.7 percent, as compared to an annual rate of increase for business spending of 5.3 percent. *What this means is that investment is supposed to grow more rapidly than the final demand for goods and services, not for one year or a short boom, but over a long period and as a built-in feature of a system in expanding equilibrium.*

Very likely that is the way the economy works in capitalist heaven, but long and none-too-happy experience has shown that things are not so well ordered here below. The authors of the report, and all their helpers and consultants, will pardon us if we conclude that they are talking nonsense.

Let us now try to suggest an hypothesis concerning the composition of the gross national product in 1965 which is at least more reasonable than that put forward by the staff of the Joint Committee on the Economic Report.

To this end, the logical procedure would seem to be to examine and in a general way extend the trends of the last quarter century, on the assumption that they are deeply rooted in the structure of the system and may be expected to continue to operate in more or less the same direction as long as the system lasts—that is to say, unless or until some good reason can be given for thinking otherwise. So we put consumption at 64 percent of gross national product, a bit higher than the 1953 figure which was perhaps somewhat below "normal"; gross investment we must assume will continue to decline relative to the other categories of demand—let us put it at 11 percent compared to 13.6 percent in 1953; and government spending of course rises relatively to the rest, say from 23.3 percent in 1953 to 25 percent in 1965. If we then accept the \$535 billion total figure for 1965 postulated by the staff of the Joint Committee, we should have a gross national product in that year which looks like this:

### ASSUMED GROSS NATIONAL PRODUCT, 1965

	Billion \$	Percent
Consumers	342	64
Business	59	11
Government	134	25
Total	535	100

This would indicate an annual rate of increase between 1953 and 1965 of between 4 and 5 percent for consumers and government (or for both combined), and somewhat less than 2 percent for business investment.

The orders of magnitude here at least make sense, which is more than one can say for those implied by the report of the staff of the

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Joint Committee on the Economic Report. Moreover, our "projection" has one other great advantage not possessed by the latter: by highlighting the fact that a large increase in government spending is to be expected, it points in the direction of the real problems and struggles ahead. Who is going to control this vast and growing outpouring of public funds? What objectives will be served by it? What groups and classes will be the chief beneficiaries? The answer to these questions, we dare predict, will provide the essential content of American history for quite a few years to come.

### The Short-run Outlook

When we stop thinking in terms of years and start thinking in terms of months, we naturally have a somewhat different problem on our hands. This does not mean, however, that our estimate of the short-run outlook can be divorced from that of the longer-run outlook. The two are logically related, and indeed in any detailed analysis the short-run analysis must provide explanatory elements for the long-run analysis. We shall return to this point below.

So far as available data allow us to judge, there is little reason for optimism about the state of the American economy in the period immediately ahead. The recession which began in the summer of 1953 is commonly, and doubtless correctly, explained by a rather general reduction of inventories on the part of manufacturers, wholesalers, and retailers. This movement, having brought the index of industrial production (1947-49=100) down from 136 in August 1953 to 123 last March, flattened out early this year, and since then, as they say in business journalese, the economy has been moving sideways rather than up or down. This steadiness has been the subject of much comment and not a little admiration in business circles. For example, the National City Bank in its "Monthly Letter" for October writes as follows:

The recent stability of comprehensive measures of business activity has been noteworthy in many ways. The overall level of wholesale prices has stayed within a range of 1.5 percent for nearly two years. Industrial production has moved almost horizontally since the start of the year, between 123 and 125 percent of the 1947-49 average. Unemployment has shown no significant change since April; the number of nonagricultural employees has varied less than 1 percent since mid-January, and personal income has stayed within that same range since last November. The gross national product—a comprehensive measure of all goods and services produced—was virtually unchanged between the first and second quarters, and there is no evidence of any substantial change since. In the aggregate, the picture of stability at a relatively high level is an impressive one.

This is true enough as far as it goes, and it sounds reassuring. But in reality "stability at a relatively high level" is a most precarious state for a capitalist economy to be in and as a rule is merely the prelude to a downturn. The reason for this is that one element in the relatively high total demand is a large volume of business investment. Now this new investment is steadily *adding* to the country's productive capacity, and it is obviously impossible for productive capacity to go on growing indefinitely while output remains the same. Businessmen may continue overinvesting in this way for quite a while—for example, because it takes time to cut down an investment program once under way, or because of inadequate knowledge of the total situation, or because each individual businessman hopes to gain at the expense of his rivals. But sooner or later the fact of growing excess capacity sinks in and is reflected in a declining volume of new investment. This in turn affects total demand, both directly and also indirectly through its effect on jobs and profits in the producers' goods industries. (This, of course, is simply the familiar cumulative process which follows in the wake of any considerable—and uncompensated—change in one of the elements of total demand.)

There is no doubt that a decline in investment of this type is now taking place, though so far it has not been large or rapid. Business expenditures on plant and equipment are running nearly 10 percent under a year ago, and the latest canvass of plans for next year (made by McGraw-Hill and reported in *Business Week* of November 6th) indicates a continuance of the downward trend. So far, these declines have been largely offset by a larger volume of residential construction, but there is reason to believe that new housing has about reached its peak and that from now on the cutbacks in spending for plant and equipment will dominate changes in gross investment. If so, the direction will be definitely downward, though, on the basis of present indications, the slope of the incline seems likely to be mild.

Can we look for compensating increases in spending by consumers or government or both?

Consumer spending has not only held up well but has actually expanded during the past year. This has been due to a combination of lower taxes and a reduced rate of saving. Further tax cuts, of course, are possible, though it seems that none are now contemplated by the administration and any action originating in Congress would be subject to veto and would in any case take time, so that in assessing the outlook for the next six months or so tax relief can safely be excluded. In the meantime, the rate of saving, having reached in the third quarter of 1954 the lowest point since 1950, seems unlikely to drop further. Barring a general decline in economic activity, consumer spending can be expected to remain near its present high level, but it is hard to see why there should be a *rise* in that level. On this

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point, incidentally, observers of the business scene are in remarkable agreement.

(At this place, we digress to stress a point that cannot be repeated too often or too emphatically: consumption would certainly rise if there should take place a shift in the relation of money wages to prices of a kind to bring about an important increase in *real* wages—that is to say, either an increase in money wages with prices remaining stable, or a decline in prices with money wages remaining stable. Under present-day capitalist conditions, however, this is entirely out of the question. Capitalists will not raise wages unless they have to, and with some 5 percent of the labor force unemployed, the workers are not in a good position to force concessions from their employers. On the other hand, the monopoly elements in the economy are so strong now that there is little tendency for prices to fall even in a buyers' market. Thus it is not surprising that wage rates have changed very little during the past year (the rise of about one percent in hourly earnings of manufacturing workers being certainly less than the increase in productivity during the same period), nor that consumer prices have hardly varied at all for more than two years. *If* capitalists were willing to raise wages without raising prices, or *if* they were willing to reduce prices without reducing wages, there would be hardly any limit to the possible stimulation of consumer demand. But then, capitalists would not be capitalists any longer either, and the millenium would already be here. In the meantime, such sensible remedies for economic logjams are strictly reserved for socialist economies in which "profits" are an accounting item and not the economic basis of a ruling class.)

We are left, then, with government spending as a possible source of increase in total demand, and, as our earlier theorizing suggests, we expect it to turn out to be just that. Here is the link between the short-run outlook and the longer-run outlook. A recession, or incipient depression, such as we are now experiencing starts a process going which eventually results in a larger flow of public funds. It would be a great mistake, however, to assume that this must happen smoothly or automatically. It *may* do so—for example, the sharp recession of 1937 evoked a rapid and almost unresisted response from the New Deal administration then in power. But it *need not* happen this way, and if, as at present, the recession is slow to develop and the administration in power is strongly influenced by orthodox financial views, the whole process may take time and involve significant political struggles.

Our guess is that events are now more likely to follow this second pattern than that of 1937. Government spending has declined considerably during the last year, as the following table shows (based on figures in the *October Survey of Current Business*):



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### GOVERNMENT PURCHASES OF GOODS AND SERVICES

(Annual rates in billions of \$)

	3rd quarter 1953	4th quarter 1953	1st quarter 1954	2nd quarter 1954
National security	52.3	50.6	46.9	44.7
Other federal	8.0	9.2	8.1	6.6
State and Local	25.1	26.2	26.9	27.0
Total	85.4	86.0	81.9	78.3

Furthermore, the latest official statement of spending plans for the immediate future—the budget review issued in September by the Bureau of the Budget—indicates that the federal government intends to maintain the downward trend of spending at least until the end of fiscal 1955 (that is, through next June). This will be partly, perhaps even fully, offset by an expected rise in state and local expenditures, but it is clear that *as far as present plans are concerned*, no big increases in government spending are in the offing. The recession will have to deepen, political pressures will have to be generated and intensified, and time will have to pass before the trend starts up again.

How soon can we look for developments of this kind? No one knows for sure, of course, but it may be in order to call attention to some of the factors that will help to determine the time-table.

(1) Seasonal factors (mainly Christmas buying) and the introduction of new automobile models make the situation look better than it really is at the moment. This is a source of false optimism which may be several months in wearing off.

(2) As we have already noted, the decline in gross investment which is now in process has been and is likely to continue to be slow. Sharp reductions in some fields—for example, in the automobile industry where, according to the McGraw-Hill survey, it is planned to invest 40 percent less in 1955 than in 1954—will be largely counterbalanced by further expansion in others. In this connection, a most important fact is the continued movement of population “to the suburbs” which brings in its wake a large volume of residential and commercial construction.

(3) A slow decline in gross investment will tend, of course, to be reflected in a slow decline in total output. Unemployment, however, can be expected to rise more rapidly than output falls, and this for two reasons. First, because the labor force is growing every year by an estimated three quarters of a million workers. Unless output expands, these new job-seekers either join the army of unemployed or find work at the expense of others. Second, because new and more automatic machinery is being introduced in nearly every sector of the economy. This trend to “automation” enables the same or a

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larger output to be produced by fewer workers. Needless to say, the rate of growth of unemployment is one of the crucial factors governing the timetable of government action.

(4) The fact that control of Congress is now in the hands of the Democrats presumably means that government spending will increase sooner and faster than it would have if the Republicans had retained control in the November election. Whether it also means that the downward trend in arms spending will be reversed remains to be seen.

(5) The Eisenhower administration contains men with rigidly orthodox financial views. Secretary of the Treasury Humphrey and his chief advisers seem to be of this persuasion, and they are apparently now in control of the administration's fiscal policy. But others in the President's entourage have a more pragmatic approach to economic affairs—for example, Arthur Burns, the Chairman of the Council of Economic Advisers, whose speech to the Economic Club of Detroit on October 18th cannot have made wholly pleasant reading to the financial puritans. A deepening of the recession will naturally tend to shift the balance inside the administration and to prompt a reappraisal of fiscal policy. The fact that anonymous White House spokesmen are already talking in terms of a doubling of the country's highway building program for the next ten years (according to a report in *U.S. News & World Report* of November 12th) is symptomatic of what we may expect when the need for increased government spending becomes more apparent. How soon this shift in the administration's attitude develops and how far it goes will obviously be important questions in the months ahead.

(6) Finally, there is one factor in the situation about which not much can be said at the present time but which may turn out to be the most important of all, and that is the reaction of the mass of American people to deepening recession and growing unemployment. Despite the huge amount of publicity given to it, the recent electoral campaign evoked little genuine popular interest: fewer than half of the eligible voters even bothered to go to the polls. If this lack of interest in public affairs persists in the face of worsening economic conditions, the politicians will decide what measures to take at their own pace and in their own way. But if the people get mad and decide that they are getting a raw deal—which is no more than the elementary truth—more and better things may get done faster than we now have any right to expect. Sensing a raw deal is, after all, the first step toward demanding a new deal.

(November 12, 1954)



Though no people wants war, every people can be forced into what their national propaganda will make them believe to be a necessity of national defence. . . . Though self-assertion and a fighting "instinct" may belong to most men's inborn equipment, or be educated by environment, they would not carry modern peoples into collective carnage, unless they were associated with the economic interests and necessities of powerful political groups, the owning ruling classes in the several nations.

—John A. Hobson

## TWENTIETH CENTURY BYZANTIUM

BY GEORGE OLSHAUSEN

### I. Socialism inside and outside the United States

H. Stuart Hughes' book, *An Essay For Our Times* (1949), contains a chapter on the United States entitled, "Twentieth Century Byzantium." This likening of the United States to the Byzantine Empire prompts the questions how far the comparison is sound, and how far it is relevant from the standpoint of socialism.

Hughes develops his idea in this way:

. . . From some standpoints the United States looks like the relic of an old society stranded in a new one.

In the tormented postwar world the United States has emerged as the home of true conservatism. As opposed to the emotional, weary, despairing neo-conservatism of Europe, the Americans have maintained old values and old ways of doing things with greater fidelity, greater continuity, and a greater confidence in their validity for the future. It comes as a surprise to Americans to hear this country referred to as the major conservative power. . . . Yet certain obvious evidences of conservatism can hardly fail to strike us. The United States lives under the oldest written constitution in the world. Its social conventions are staid and moralistic. Its political and administrative formulas have frozen in a mold of antique piety: behind the classic facades of the government buildings in Washington a dutiful bureaucracy toils at tasks that bear little relation to the symbols of government and the original definition of their functions. The respected myth, the legal fiction, play a large role in the American's life. (pp. 147-148.)

This passage, written in 1949, sounds like an echo and vindication of the predictions made by Alexis de Tocqueville 110 years earlier. De Tocqueville said:

I have often remarked that the theories which are revolutionary in their nature, in that they cannot be carried out except by a complete and sometimes sudden change in the relations of property and persons, find infinitely less favor in the United States than in the great monarchies of Europe. If some individuals profess them, the masses reject them with a sort of instinctive horror.

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George Olshausen, a San Francisco attorney and legal scholar, is the author of "Socialism Is Constitutional," *MR*, January 1954.

I do not hesitate to say that most of the slogans customarily called democratic in France would be forbidden by the democracy of the United States. . . .

\* \* \*

It is generally thought that the new societies are going to change their appearance from day to day; but for my part, I am afraid that they will ultimately become too unvaryingly fixed in the same institutions, the same prejudices, and the same customs; so that the human race will come to a stop and contain itself; that the mind will forever turn back and forth without producing any new ideas; that mankind will exhaust itself in small isolated and sterile activities, and, though constantly in motion, humanity will cease to advance. (*Democracy in America*, Vol. II, Pt. 3, Ch. 21.)

The *London Daily Mail* (Paris edition) for December 2, 1952, relates this line of thinking to socialism and capitalism. "An unknown Soviet radio commentator" is quoted as having said that while the Soviet Union had been a socialist country encircled by capitalist countries, the time would come when the United States would be a capitalist country encircled by socialist countries. Whether this should be taken as representing official opinion or not, it shows that in Russia the idea is current that the United States will be the last stronghold of capitalism.

This viewpoint has a sound basis: paradoxically, the reason lies in the high development of American capitalism, now super-added to the tendencies observed by de Tocqueville. By and large, American productivity is now far beyond that of any other country. A recent survey by the British economist, Peter Wiles, gives the following figures ("Soviet Economy Outpaces the West," *Foreign Affairs*, July 1953, pp. 566, 572):

*Annual Production per Head of Population, 1951*

	France	Italy	USA	UK	USSR (approx.)
Coal (kg.)	1250	25	3903	4430	1400
Oil (")	7	—	2470	—	232
Electricity (thous. kwh.)	850	631	2413	1175	510
Pig Iron (kg.)	206	23	416	193	110
Steel (")	232	78	620	312	155
Cement (")	198	120	267	202	61
Grain	322	225	866	143	500
Raw Sugar (") (processed from beet)	27	13	16	12	15
Population (millions)	42	47	154	51	202

Yet this very position of primacy entails a handicap for the

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future. When a historical change takes place it seems to affect almost all *except* the countries which were previously most advanced; so that the leader of one epoch trails in the next. Leon Trotsky expounds this thesis in the first chapter of his *History of the Russian Revolution*, calling it the "law of combined development." Dealing specifically with European capitalism as of 1930, he says:

The privilege of historic backwardness—and such privilege exists—permits, or rather compels, the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages. Savages throw away their bows and arrows for rifles all at once, without traveling the road which lay between those two weapons in the past. . . . The fact that Germany and the United States have now economically outstripped England was made possible by the very backwardness of their capitalist development. On the other hand, the conservative anarchy in the British coal industry . . . is paying up for the past when England played too long the role of capitalistic pathfinder. The development of historically backward nations leads necessarily to a peculiar combination of different stages in the historical process. (p. 5.)

Each of the great revolutions marked off a new stage of the bourgeois society, and new forms of consciousness for its classes. Just as France stepped over the Reformation, so Russia has stepped over the formal democracy. (p. 15.)

The historian Eugen Rosenstock-Huessy makes a negative formulation of the same idea. He says that a society which has passed through one revolution is "immune" to the next. For example, Germany after the Reformation was "immune" to both the English Revolution of the sixteen hundreds and to the French Revolution; England, having had its revolution against the Stuarts, was immune to that of France. (*Die europäischen Revolutionen und der Charakter der Nationen*, ch. V, Sect. 2.)

Historians of other schools have likewise remarked on the tendency of advanced nations to "rest on their oars." Toynbee, in his *Study of History*, calls it "the nemesis of creativity." Progress moves not in unbroken lines, but like a game of leap-frog.

Changes in national monetary units since the 18th century afford a good illustration. The decimal system (100 cents to the dollar) was first adopted in the United States after the American Revolution because British money was too cumbersome. The French Revolution followed suit; and during the 19th century one country after another in Europe and South America established decimal money. Great Britain, then the foremost industrial and commercial power, was the only nation which did *not* institute decimal coinage.

In our own day, a tiny but pointed example is the keyboard

of the typewriter. It has recently been said, "There isn't, it seems, any good reason for the 'qwertyuiop' arrangement. It just happened, and although it has almost nothing to recommend it, it will almost certainly never be changed." (*The New Yorker*, May 22, 1954, p. 123.) Only a nation which used the Latin alphabet but was so newly emergent that it started manufacturing typewriters before importing them, would be likely to overhaul the keyboard.

For some years past, capitalist economists have been dimly aware that an economy organized along socialist lines has a greater productive potential than one organized on capitalist lines. Perhaps the first open admission in the capitalist press came after publication of the United Nations' *Economic Survey of Europe in 1951*, showing that the rate of increase of productivity since 1945 was considerably greater in the Soviet-bloc countries than in the West. The theme was taken up again in the Paris *Le Monde* of October 30, 1952, under the heading "Une Bataille qui se Perd" (A Losing Fight). It is further developed in the Peter Wiles article already referred to, "Soviet Economy Outpaces the West." *Newsweek* of June 7, 1954, reports that the Soviet Union has outstripped the United States in many branches of science applying to warfare.

As early as 1948, however, the awful truth had been indirectly recognized. In September, 1948, Philip D. Reed, Chairman of the Board of General Electric, touched this subject in an address delivered before the State Bar of California. He said:

A Sovietized Europe, for example, would not only force us to mobilize our fighting manpower and arm ourselves to the teeth, it would moreover threaten our way of life and our system of private competitive enterprise by necessitating more and more government controls both of our internal economy and of our foreign trade. . . . As to foreign trade with a Sovietized Europe, thousands of competing private enterprises cannot trade successfully with government buying or selling monopolies. The trading positions are too unequal, and the government buyer or seller, having no competition, can play the private competing enterprises against each other to his advantage. But as many foreign products and materials are essential to American life, trade there must be, and our government, however reluctantly, would be obliged—would indeed be urged—to intervene. In other words, Europe's pattern would gradually become our pattern and the freedoms that have made us great would come to an end.

And so, like it or not, we have no alternative but to resist with every means at our command, the spread of Soviet concepts and control, not only in Europe, but in other areas of the world, both West and South. (*San Francisco Recorder*, September 21, 1948.)

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To say that thousands of competing private enterprises will be at a disadvantage against a government monopoly of trade admits that the government monopoly has a maneuverability which the group of private competitors cannot match. In the last analysis, this must be due to lower production costs, either in all sectors of the economy or in some, the advantages of which can be passed on to the economy as a whole.

Inefficiency is here blamed on competition—which in 1776 Adam Smith had considered a superlative benefit. The Italian political scientist Mosca has said: "A ruling class decays when it has no longer opportunity to exercise the talents which brought it into power." The truth seems to be that the very talents which bring a ruling class to power, later, under changed conditions, stand in the way of its further effectiveness.

The British Labor Party's program of nationalization, it is worth noting, was urged not so much on the ground that private capitalism was anti-social, as that it was inefficient.

But American capitalism, like the keyboard of the typewriter, is unlikely to undergo even such a degree of peaceful transformation as has taken place in Great Britain. Sheer productive capacity is the principal factor enabling American capitalism to maintain itself despite inherent limitations. In Rosenstock-Huessy's words, an earlier revolution sets up an immunity against the succeeding one, because to a great extent it is able to satisfy the demands of the latter by peaceful means. So the "second industrial revolution," as the rise of capitalism in the United States has been called, is particularly immune against a socialist revolution in whatever form. The productivity of American capitalism is high enough to allow the workers to be given a share in the increased product, and living conditions are good enough to turn them away from radical changes. Moreover, this high productivity sets up a chain reaction which postpones the reckoning on capitalism's bedeviling problem of markets. Huge government spending for war purposes has opened a market where surplus value may be converted into cash while hardly reducing the consumers' standard of living, and in fact keeping it well above that of other countries. The economy has been able to produce guns *and* butter. As long as these conditions remain, neither capital nor labor will demand basic changes. Even though socialist production may be increasing faster and may have a higher ceiling, such considerations seem abstract and remote until *after* American productivity shall have been surpassed.

There are some signs of stagnation in American society, however, which either cannot be explained or cannot wholly be explained by its advanced stage. Most important is a serious shortage of scien-



tists—contrasting sharply with the number of scientists being trained in the USSR. According to H. A. Meyerhoff, head of the Scientific Manpower Commission, the number of new graduates in science dropped from 11,721 in 1951-1952 to 8,000 the following year. All that can be expected in 1953-1954 is 17,500, *while in the same year the Soviet Union will graduate 50,000.* (*U.S. News & World Report*, January 15, 1954, p. 46.)

Besides the numerical shortage of scientists, incidents like the suspension of J. Robert Oppenheimer from government nuclear research foreshadow a slowing down of scientific progress in the United States. Its implications are discussed in the last subdivision of this article.

The foregoing data show that the theory of history concurs with contemporary statistics: the United States as the most advanced capitalist nation may be expected to fall behind emerging socialist countries; statistics are beginning to show that this is actually taking place.

## 2. Resemblances between Byzantium and the United States

Stuart Hughes applies the term "Byzantium" to describe a static, highly organized state; he calls the United States "Twentieth Century Byzantium" upon a showing that it is highly organized and tending to become static. But the parallel can be drawn much more finely. Scattered historical similarities may already be discerned between the United States and the Byzantine Empire. So far as they go, these historical resemblances point to the same conclusion as the economic developments which we have just discussed. Hughes' characterization, "Twentieth Century Byzantium," is all too accurate. From either an economic or a historical point of view, the United States seems due to be overtaken by the socialist countries, and to become, if it is not already, "the relic of an old civilization stranded in a new one."

The Byzantine Empire retained many basic characteristics throughout its 1,058 years of existence; so parallels with America may be taken from widely separated periods.

First is the simple fact that Byzantium, like the United States, was the offshoot of an older civilization. The Romans built Byzantium into a major city, just as the Western Europeans settled the New World. The Eastern Empire was the late stage of the Roman republic. It is true, the order of events was different: Byzantium was founded after Rome had passed from republic to empire; America was colonized before Europe had gone from monarchy to republic.

Second, both America and Byzantium were spared the ravages which overtook the mother civilization. The barbarians of the 5th century A.D. overran Italy, but did not touch Constantinople; World

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Wars I and II devastated Europe, but left the United States physically intact.

Other resemblances are mainly in the cast of thought.

The secrecy surrounding the atom bomb is paralleled by the secrecy of the Byzantine flamethrowers, known as "Greek fire" and long a source of Byzantine military superiority.

The hunt after Communists is paralleled by the Byzantine hunt after religious heretics—first the Paulicians and Bogomils, later (ineffectually) the Church of Rome. There is a similar tendency to justify any and all means in dealing with such heretics. Spies, informers, entrapment are used to chase Communists; there are continual "investigations" afoot. In the 12th century A.D., Anna Comnena overflows with satisfaction in telling how her father, the emperor Alexius, captured the Paulician leaders by violating a safe-conduct. She also relates how her father "began investigating this heresy" and similarly trapped the members into confessions.

There is the same dull, intemperate denunciation of the arch-heretics. Waldo Frank has said:

But through the years they have established a mood and a mode which may be characterized as a constant and sterile polemic against the Communists—not even against Communism as a system of thought—which never examines historically, never analyzes psychologically, never constructs philosophically. Instead "the gangsters" are exposed—*ad infinitum* and *ad nauseam*. Communism is confounded with Nazism; Communism is comfortably exorcised as "absolute evil." (*The Nation*, June 19, 1954.)

So Anna Comnena:

A Bogomil looks gloomy and is covered up to the nose and walks with a stoop and mutters, but within he is an uncontrollable wolf. And this most pernicious race, which was like a snake hiding in a hole, my father lured and brought into the light by chanting mysterious spells. (*The Alexiad* of Anna Comnena, Dawes translation, 1928, p. 412.)

America doubts Russia's good faith; she demands advance concessions as an earnest. "Even if an agreement were reached," says *U.S. News & World Report* (May 28, 1954, p. 66), "its worth is questioned. Before so much as talking, the U.S. wants concrete evidence that Russia now is ready to honor her commitments." "Concrete evidence" (other than promises) can mean only abandonment of territory or scuttling of armaments.

The Byzantine emperors thought along the same lines. In A.D. 1071, the Emperor Romanus Diogenes told the Turks: "If the bar-

barian wishes for peace, let him evacuate the ground which he occupies for the encampment of the Romans, and surrender his city and palace of Rei as a pledge of his sincerity." (Gibbon, *Decline and Fall of the Roman Empire*, Ch. LVII.)

The increasing injection of religion into politics in the United States points toward the Byzantine church-state. Thus the invocation has been introduced where it was not used before (California State Bar conferences); the words "under God" have recently been added to the oath of allegiance.

There are parallels even in non-governmental matters. The expectations of Utopia and later "disillusionment" of American liberals with the Soviet Union (for example, Eugene Lyons' *Assignment in Utopia*) are matched by like dreams and like disillusionment with the Persian empire, on the part of the philosophers under Justinian. (Gibbon, Ch. XL.)

The crawling and bootlicking, the breastbeating confessions of recanting Communists recall similar antics (for different reasons) of Justinian's general, Belisarius. (Gibbon, Chs. XLI, XLIII.)

Finally, there is popular resistance to fundamental change. This was noted in the articles on "Problems of American Socialism" which appeared in MR, January 1954; de Tocqueville had discerned it as early as the 1830s. In Byzantium, this conservative character of the populace was revealed by the efforts of the "iconoclastic" emperors in the 8th and 9th centuries to rationalize the state religion and abolish ikon worship. After a century and a quarter of controversy, the reformation failed, and Byzantium went back to her old ways. Because the restoration took place under two empresses, Gibbon ascribes it to "the fond alliance of the monks and females" (Ch. XLIX); but where the imperial power is exercised on both sides of a dispute, it may be inferred that the populace (even in an autocracy) favored the side which ultimately prevailed.

In a country which is still largely a democracy, the same results may all the more be anticipated from similar inclinations of the people.

### 3. Implications for Democracy and Civil Liberties

As America becomes the last bastion of capitalism, civil liberties will probably be more and more restricted. It has been said that the United States wants both capitalism and democracy but, if faced with a choice, will keep capitalism and let democracy go. (William Wells, "The Mumble in the Voice of America," *Harper's*, January 1951.)

The severities of Russia under Stalin have been attributed to its position as a "beleaguered fortress" of Communism in a hostile capitalist world. Isaac Deutscher, who propounded this theory, has

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ventured to predict that as Russia feels her international position more secure, the harshness of the "fortress" era will soften. (*Russia, What Next?*, 1953.)

Precisely the same theory was put forth by Brooks Adams to explain the rise and fall of Robespierre and the French revolutionary Committee of Public Safety. In his *Theory of Social Revolution*, Ch. V, Adams said:

For France never loved the Terror or the loathsome instruments, such as Fouquier-Tinville, or Carrier, or Billaud-Varennnes, or Collot d'Herbois or Henriot, or Robespierre, or Couthon, who conducted it. On this point there can, I think, be no question. I have tried to show how the Terror began. It is easy to show how and why it ended. As it began automatically by the stress of foreign and domestic war, so it ended automatically when that stress was relieved. And the most curious aspect of the phenomenon is that it did not end through the application of force, but by common consent and when it had ended those who had been used for the bloody work could not be endured, and they too were put to death. . . .

The United States may well go through this process in reverse. As the country senses itself more and more the beleaguered "fortress" of private enterprise, repression may be expected to increase. Liberty, democracy, and science will be sacrificed to the preservation of capitalism. Penalties will become more drastic, procedures more summary. This trend is already under way. The Rosenbergs were the first to be executed for espionage in peacetime; the law has since been amended to remove any question but that the death sentence may be imposed in times of peace. Before "loyalty boards" and in immigration matters the safeguards of confrontation and cross-examination have largely been discarded. In Dr. Barsky's case, the United States Supreme Court approved equating conformity of views with "good moral character." As this is written, the Communist Party has been outlawed by Act of Congress. The suspension of Dr. Robert Oppenheimer from government nuclear research is a clear case of sacrificing science to "security." It bodes a vicious circle: curtailment of scientific progress will put the country more into the position of a besieged "fortress," which will engender more "security" measures at the expense of science, further strangling science and aggravating the "fortress" predicament, calling for more repressive "security" measures, and so on.

At the same time, this process will probably never go to completion. If the United States is to become a relic of capitalism in a socialist world, there will also be remnants of liberty, democracy, and due process in the midst of a repressive capitalism. For this, too, Byzantine and late Roman history furnish precedents.

The Theodosian Code (A.D. 438), the Code of Justinian (A.D. 533-545), and the Byzantine legislative revisions of the 9th century all show painstaking regard for the forms and system of law; the 9th-century legislation reveals concern for individual rights. So at the end of the 4th century, in an atmosphere so oppressive and hopeless that people only wanted to escape, both Claudian, the court-poet of the ruling clique, and Rutilius Namatianus, their bitter opponent, could stand in open-mouthed wonder and reverence at The City of 400 A.D. Claudian, at least, could expand upon its beneficence and freedoms.

The nascent similarities between Byzantium and the United States are unmistakable, though, as Stuart Hughes says, not yet generally recognized. Will it be, *Mutato nomine, et de te fabula narratur*?

## **SOUTHERN SCHOOLS: WILL RACISM BE ERASED?**

BY A SPECIAL CORRESPONDENT

The Supreme Court decision outlawing segregation in the public schools stirred the heart of every Southerner—with fear, with rage, or with hope, depending upon color and persuasion. Legally, the edict is the logical conclusion of a series of more limited rulings which ended racial restrictions in voting, transportation, and higher education. But emotionally, no precedent exists in modern Southern society for the sustained association of white and Negro on equal terms that compliance with the court will require. In the mind of the bigoted white, intermarriage looms as the result of integrated education. The less naive and more calculating white sees himself paying more school taxes but gaining less preferment for his children. The Negro, whatever his station in life, envisions countless benefits for his posterity and feels a strong sense of duty to claim them.

There is also a large neutral bloc of white people who stand confused in the ideological vacuum left by the abrupt demise of the "separate but equal" syllogism. They recognize the Negro's right to

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*The author, a Southern journalist and educator, wrote "Progress" in the South," MR, September 1953.*

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"better himself" and are willing to accept whatever social changes may be forced upon them. But no one fires them with the impulse to act voluntarily, by showing them how these changes will benefit all races. Public officials and the press are at best ambiguous in their pronouncements; pious declarations come from church groups who would stone the first worshiper bringing a Negro to his pew; wide-scattered and well-publicized attempts to resurrect the KKK cause reluctance to stick one's neck out.

The "Southern liberal" point of view exists, almost in a breveted capacity, among a handful of organizations and individuals who were chosen for the purpose by the philanthropists of the Ford Foundation. None of these liberally endowed proponents especially foresaw or sought the court's ruling. Their strongest moral appeal is the propagandistically sterile "You've got to obey the law"; their diagnosis for action is "Patience"—patience on the part of the Negro, of course.

Not that the Negro hasn't displayed ample patience in redeeming the rights granted him previously by the courts. The "white" primary has been outlawed for a decade, but Negro voters in Mississippi number only 22,000—a mere 8 percent of the state's 1954 electorate. Buses and trains in Alabama, to name one state, operate as if the Henderson case had never been decided. Five Southern states still bar the doors of their public-supported universities to Negroes.

However, none of these privileges of citizenship has the fundamental, urgent appeal of the school issue. Children are only young once. Governor Hugh White of Mississippi learned this when he offered 100 of the state's Negro leaders a program of school improvements in exchange for a pledge of "voluntary" segregation. They refused the deal flatly, saying their obligation to future generations was foremost. A further expression of unwillingness to stand and wait was made by the bishops of the A.M.E. Zion Church, who urged Negro leaders not to endure segregated situations "under the pretext that submission will preserve law and order." In a Black Belt county in Alabama—a sector that NAACP Chief Counsel Thurgood Marshall estimated would be 30 years in achieving integration—a white resident reported the following conversation between his 11-year-old son and a Negro playmate on the day after the court decision:

"I'll be going to school with you next year," the Negro child said. "You won't like that, will you?"

"I don't care," the white boy replied with complete sincerity.

Such was the speed and breadth with which the word and the hope of a new dispensation traveled, even where sharecropping and peonage have perpetuated the social pattern of pre-Civil War days.

The defenders of segregation have an equal sense of urgency; and they have a strong initial advantage in that, to a large extent,

they control the economy of the region and the machinery of local and state government. The sandbags they are using to shore racial barriers are full of leaks, but they may well hold for a time. Their chief expedients are these: (1) Amendment of state laws to allow "abolition" of public schools or their removal, by verbal legerdemain, from the purview of the United States courts. (2) Klan-like repression and economic pressure to intimidate Negroes in rural areas. (3) Strict maintenance of Negro ghettos in cities.

Legalistic flimflammy has been essayed in four states. South Carolina and Georgia have adopted statutes permitting the replacement of public schools by state-endowed "private" schools, which will be segregated. Mississippians will vote on a similar proposal on December 21. Louisiana schools have been placed under the "police power" of the state, the theory being that segregation is necessary to prevent disorder. The more subtle idea of racially gerrymandering local school districts is being considered elsewhere in the region. But despite all the huffing and puffing mustered to sell these schemes, they are essentially hollow gambits to provoke time-consuming litigation. A sorry objective, considering how demoralizing the implications have been to teachers and parents alike.

The Klan and its variants will play a significant role only where law-enforcement authorities suffer a failure of nerve, or where terrorists have been operating unchecked all along. Bryant Bowles was able to parlay his "National Association for the Advancement of White People" into national prominence at Milford, Delaware, mainly because local and state officials acted like sheep. The State Board of Education denied full backing to the local board which admitted 10 Negro students to a high school; the protesting crowds were consulted about the law, instead of the law being enforced. By contrast, when the NAAWP moved into Baltimore—where one-third of the city's schoolchildren are Negro and the historical basis for race trouble is much greater—a police threat to arrest pickets and a city judge's curt refusal to reinstitute segregation quickly ended all disturbance.

In Mississippi, "Citizens Councils" of "responsible white leaders" have formed to preserve segregation by exerting economic pressure on Negroes. These outfits, called "uptown Ku Klux Klans" by one white Mississippi editor because of their recruitment of anti-Catholic and anti-Semitic elements, are largely limited to the Delta counties. And in the Delta, where huge corporation farms hog all tillable soil, the economic coercion of Negro tenants is nothing new. One county "Council" boasted to the press of having driven out an "uppity" Negro doctor by refusing to pay his patients' bills. This naively macabre disclosure bared not only an utter disregard for human health but a state of serfdom that deprives its victims of cash for the most

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rudimentary needs. The formal banding together of planters, who have always banded together, to suppress threats to their peculiar institutions may save segregation in limited sectors, at least until a major economic upheaval, but the technique is not generally practicable.

The Negro ghetto is a more pernicious and pervasive threat to fulfillment of the spirit of the integration edict. *Life* magazine in its May 31 issue seized upon Orangeburg, South Carolina, as a typical Southern city and predicted that "no sudden changes would result from the ruling. . . . The main reason why segregation would continue in practical effect in Orangeburg is that its Negroes tend to live in areas separate from its whites. . . . Even with racial barriers down, most children would go to the same schools. Residential zoning would also help preserve the status quo."

This glib use of the verb "tend," to explain why whites and Negroes live in separate areas, covers multifarious pressures exerted by real-estate interests who were not in the least fazed by the loss of legal status of restrictive housing covenants. Traditional Black Compounds are bulging inhumanly with the migration to the city of dispossessed Negro farm workers. But now realtors are reinforced by the adherents of racist education in their effort to keep the gates locked—and to judge from a recent horrific episode in Louisville, Kentucky, the marriage of forces has produced an offspring heretofore a relative stranger to the South: the political witch-trial.\*

Last May 10 a white couple, Mr. and Mrs. Carl Braden, purchased a house in a subdivision five miles from Louisville and transferred the deed to Mr. and Mrs. Andrew Wade IV. Within 24 hours of the transaction the fury of vested bigotry was unleashed, because the Wades are Negroes, and the subdivision was "exclusive." There ensued threats, rock-throwing, cross-burning, editorial censure, inflammatory appeals by a former Klan organizer, a suit to foreclose the mortgage, cancellation of insurance, arrest of Braden and Wade on petty charges—and finally, the dynamiting of the house.

So far, this was the sordid arsenal common to white supremacists and "property-value" racketeers. Then, in September, before a grand jury convened to investigate the bombing, Commonwealth Attorney A. Scott Hamilton presented the theory that the act was a Commu-

\* At various times past, Southern realtors have parroted the "creeping Socialism" line of the national lobby to state and local officials to scant avail. A graphic illustration of cross-purposes occurred when the Birmingham, Ala., realtors complained to Governor Persons that a high school civics textbook was subversive in its advocacy of public housing. Persons read the book and became incensed at the temperate discussion it gave of racial segregation. He ordered that chapter deleted, ignoring the original complaint. But now, as fellow warriors against the future, the Bourbons and the block peddlers have pooled forces and objectives.



nist plot to stir up racial strife. He proceeded to call up members of the Wade Defense Committee and demand if they were or had ever been. . . . Louisville's two influential newspapers, the *Courier-Journal* and the *Times*, vigorously deplored this turn of events and told Hamilton to stop playing "junior-league McCarthy." But on October 1, indictments charging the "advocating . . . of sedition" against the governments of Kentucky and the United States were returned against the Bradens and four other white persons—two women social workers, a 79-year-old retired riverboat captain, and a truck driver who was also charged with setting the blast.

The legal proceeding was taken under a state law passed in 1920 and never before invoked. Significantly, neither Wade nor any other Negro was cited; an omission in keeping with the hoary myth that Negroes who claim their rights, are not "responsible," but are egged on by "agitators." On November 4, the jury tidied up its work by indicting the Bradens, the ship captain, the truck driver, and a new party, a former union official, for conspiring to bomb the house "to promote the cause of Communism."

If paralysis of conscience at the epithet "Communist" allows this Reichstag-fire tactic to succeed in Louisville, one can expect the Dixiecrat-plutocrat coalition to employ it elsewhere in the South. By the logic of this event, any attempt to bring about racial integration can be construed as a plot against the state, and whether convictions are obtained or not, the harrassment and intimidation of the "plotters" will yield the desired result.

Carl and Anne Braden are personal friends of this writer. They are courageous, dedicated people. He is the newspaperman son of a union leader once prominent in the Socialist Party in Louisville. She is an Alabama girl whose first taste of jail came when she went to Mississippi to seek clemency for Willie McGee. They are the parents of two small children.

Fortunately, there are quite a few other white people scattered over the South whose devotion to racial justice is just as intense, and who will stand up to the worst the desperate bigots can throw. For eight years now an organization of such Southerners, the Southern Conference Educational Fund, headquartered in New Orleans, has anticipated integration and expounded the boon it would be to the Southern economy and the Southern soul. The SCEF survived an inquisition by the Senate Internal Security Subcommittee last April and is presently organizing region-wide support for immediate integration of schools.

Barring the national advent of down-right fascism, these workers for decency have one unassailable, and ultimately irresistible, asset: the firm sympathy of a restive Negro populace. After all, nobody ever claimed that the Reds invented Jim Crow.

## **WORLD EVENTS**

*By Scott Nearing*

### **Another Scrap of Paper**

Representatives of the Western powers, meeting in London and Paris during October, 1954, agreed to restore sovereignty to Germany—that is, in effect, to reindustrialize and rearm the country and return it to its former power status. By this decision, the West violated the essential provision of the 1945 Potsdam Agreement, reduced it to the proverbial scrap of paper, and opened wide the gates to another cycle of suicidal economic and military struggles.

From 1939 to 1945, the West poured out blood and treasure to clip the wings of German power. By the Act of London and the Treaties of Paris, these powers have set in motion the same competitive forces and re-established the old rivalries in a new setting. There is every reason to believe that here, as elsewhere, like causes will have like results.

Broadly speaking, Dulles, Eden, and Mendès-France confronted a dilemma: Should they build up West Germany as a major European power, and, in effect, recognize fascism and accept the probability of another general war? Or should they try co-existence, with another general war postponed for a decade or perhaps for a generation? The Allies, herded and prodded by Secretary Dulles, chose fascism and war.

Dulles, reporting on this point to the televised Cabinet session on October 25, 1954, insisted that "This agreement . . . is not an agreement that we paid anybody, or promised to pay anybody to make. This is an agreement which the Europeans made for themselves . . . and we are not either by pressure or by inducements or bribes getting anybody to make this. As a matter of fact it is going to be cheaper for everybody if we can get this agreement through."

There is nothing on the record to show that Mr. Dulles, and his agents, whose pockets bulge with gifts-in-aid, food surpluses, loans, arms production contracts, and prospective investments, pressured, induced, paid, or bribed anyone at London and Paris. All we know is that after long diplomatic maneuvers, over-night flights to London, and weekends spent in Paris and Bonn, Secretary Dulles had his way.

If the Act of London and the Paris Treaties are ratified, the

1925-1939 cycle will begin over again. The internal structure of profit accumulation and competitive nationalism will all but guarantee such an outcome, and the bedeviled, distraught peoples of the West, who are now committed by their governments to "peace through armed might," can make up their minds to undergo, once more, the agonies of 1939-1945, plus the unknown horrors of atomic warfare and mass extermination on a planet-wide scale.

### A United Europe?

Foreign Secretary Anthony Eden assured the House of Commons on October 20, 1954, that "Once the unity of the free nations of the West has been achieved, we shall be the better able to move on toward even wider projects." The *New York Times*, in its lead editorial, "After Paris," on October 26, asserted that these (Paris) agreements "advance the unity of Western Europe, fortify the North Atlantic Alliance and thereby strengthen the cause of peace and freedom." The facts hardly justify such a conclusion.

Agreements made at London and Paris took one notable liberational step by freeing West Germany from the restrictions imposed at Potsdam in 1945. Dulles had advocated such a move on several occasions, for example in New York City on January 11, 1954: "Western Europe cannot be successfully defended without a defense of West Germany. West Germany cannot be defended without help from the Germans. German help is forbidden by the armistice arrangements which are still in force." "The West German Republic needs to be freed from the armistice." Dulles and his collaborators in London and Paris struck the shackles of Potsdam from the wrists and ankles of the German people. Substitute "Versailles" for "Potsdam" and the statement might be lifted bodily from Hitler's writings and speeches.

Even before the London-Paris liberation, West Germany had moved to the top among the West European producers of industrial capital equipment. Except for war restrictions, Germany had occupied this position for a generation before 1939.

France, under the London-Paris decisions, has been subsidized (not "bribed" or "bought") by American aid and by the transfer of the Saar to French control. Despite this subsidy, the French population and the French industrial potential remain notably inferior to those of West Germany.

Britain is now committed to the indefinite maintenance on the continent of military forces far larger than her wealth and income can justify. Such a policy may lead to a shift in government and the abandonment of the present policy line.

The United States, Mr. Dulles told the country in his televised

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report to the Cabinet, is assured that the Council for West European Unity "will be quite comparable and I think equally effective to that which was to be achieved under the EDC treaty." Thus the London-Paris decisions marked a triumph for State Department diplomacy on four points: (1) sovereignty for West Germany; (2) a Council of Western European Union; (3) control by the Council of national armament in West Europe, and (4) the admission of Germany into NATO. This completed the "agonizing reappraisal" of United States policy which Dulles had foreseen in December 1953. Henceforth a rearmed Germany would be the spearhead of the European forces under the Supreme Commander for Europe—United States General Alfred M. Gruenther.

Dulles won another point in the Paris settlements which he mentioned only indirectly in his report to the Cabinet. In reply to a question from the Attorney General, Secretary Dulles said: "I feel pretty confident that the Soviet Union doesn't like what is going on. Perhaps that is the understatement of the day. What the Communists want is a Europe that is weak and divided." Mr. Dulles felt confident that he had outsmarted Moscow.

Whatever the merit of the Dulles diplomatic victory, one thing seems clear. It can be stated in the words with which Dulles answered Attorney General Brownell: "When we create, as I hope we will, a position of solidity and strength for Western Europe, then there may be a new basis for discussion which does not exist at the present time." In a word, the Council of Western European Union has welded the western side of the Iron Curtain and institutionalized the division of Europe into two nearly equal geographical parts—one to the West and one to the East. Hence Mr. Dulles and his policies are at least partly responsible for the permanent division (disunity) of the European continent, with the tragic and terrible consequences which seem likely to follow the London-Paris "triumph."

Konni Zilliacus summed up the situation in *The Nation* of October 30, 1954: Recent failures of the West in Asia are "part of a global failure of Western defense policy, which has been geared to unattainable objectives based on unreal assumptions. Disillusionment with United States world leadership in non-Communist Europe and Asia has kept pace with the march of untoward events." (p. 379)

### A Doughty Defender

Through the postwar years, John Foster Dulles has played an increasing part in the formulation of United States policy. He was in Korea just before the war began in June 1950. He directed the build-up of the Japanese Treaty in 1951, as a Republican Adviser to a Democratic President. The election of 1952 brought in a Republican administration and gave Dulles official charge of United States foreign

policy. Since then, he has worked tirelessly and always "defensively." He has promoted NATO to defend the Atlantic, the European Defense Community to defend that area. He has worked out a Balkan-Turkish pact to defend Eastern Europe and a Turkish-Pakistan agreement to defend the Near and Middle East. At Manila, in September 1954, Dulles signed up Britain, France, and five minor Asian governments for the defense of Southeast Asia, and he is reported to be promoting another project, headed by a re-armed Japan, for the defense of Northeast Asia. October 1954 brought the meetings in London and Paris, with their revised program for the defense of western Europe. Earlier in the year a Pan-American meeting in Caracas resolved to defend the Americas. Mr. Dulles dominated the Caracas Conference.

All over the planet, except in the territory controlled by the Soviet Union, China, India, and their allies, Secretary Dulles is playing the role of a doughty defender. Even in the territory behind the Iron Curtain, Dulles' brother Allen, head of the highly secret Central Intelligence Agency, is reported to be supplementing John Foster's defense efforts.

What is the purpose of this large-scale defense campaign in the Americas, Europe, and Asia? What are the Dulles brothers defending?

Secretary Dulles has spent the greater part of his adult life as attorney, promoter, and spokesman for American and European Big Business corporations. For many years he defended their interests. During the past decade has Dulles become a tribune of the people, or is he still a champion of Big Business?

The Dulles campaign cannot be aimed at the defense of United States territory. Aside from large business investments in resources, public utilities, and trade, United States does not own Latin America, Europe, or Asia. But American businessmen are in urgent need of defense against economic depression. The fifteen years of "good" business, which began in 1940, have been based upon war and war spending.

Twice, during these fifteen years of war-based good business, economic recession has threatened. The first threat, in 1949, was turned aside by war in Korea. The second, in 1953, Dulles attempted to counter by proposals for large-scale war in Indo-China. Foiled in that effort by the cooperation of Eden, Molotov, and Chou at Geneva, Secretary Dulles has pinned his hope for business revival in 1955 on a war with the Chinese Peoples Republic, launched from Formosa by the discredited and repudiated Chinese leader, Chiang Kai-shek.

Three times in four years Mr. Dulles' defense efforts have involved the United States in war. In 1950-52, war in Korea; in 1952-54, war in Indo-China; in 1954, war in and around Formosa. None of

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these wars was "declared"; each was fought to preserve the peace, but each of them was promoted and financed by Washington, each was armed and supplied by Washington, and each was kept going as long as Washington could persuade Britain, France, and its other allies to support or tolerate the fighting. In each of these wars, the evident aim was to embroil the Chinese Peoples Republic in a major military conflict.

On the face of things, it would seem that Dulles is defending the right of United States business interests to engage in the large-scale production and use of death-dealing implements as the sole known way of combatting recession and re-establishing full-scale, profitable productivity for an economic system based on scarcity and threatened with extermination by the growing capacity of science and technology to establish and maintain abundance.

Dulles, in a word, is defending the right of an outmoded system of profit-making to continue in existence on the basis of destruction and mass murder.

How are the people of the world taking the Dulles-led conspiracy to keep profit-seekers in power by producing and using the implements of force and violence? Increasingly, they are aware that the vast program of "defense" spending in the United States, with its world-wide distribution of arms and its planet-girdling string of naval and air bases, is a threat to the peace and safety of mankind. Vishinsky made this clear in a speech to the United Nations on October 15, 1954. United States representative Lodge's reply of "liar" on the same day does not alter fact or answer argument.

Like United States military chief Admiral Radford, Vice President Nixon, and Senator Knowland, Secretary Dulles has made it increasingly clear that he is prepared to go to all necessary lengths, including general war, to achieve the two major purposes of United States policy: (1) to prevent depression and (2) to check the spread of Communism.

Dulles is a doughty defender of private enterprise against collectivism, of the *status quo* against change, of reaction against the forces of progress, of the past against the future.

### Churchill Still Presides

News reports from London on October 19, 1954, told of hilarity in the House of Commons over an interchange of questions and answers between Prime Minister Churchill and his Labor opponents. The Labor questioners tried to make the Prime Minister say that he was ready to go to Moscow and talk with Malenkov. Churchill parried the question by referring to his statement of April 5, 1954, adding that "he had in no way receded" from his position of willing-

ness to meet Malenkov "if the right time and occasion is found."

From relations with the Soviet Union to dealings with France and the future of Cyprus, Prime Minister Churchill rollicked with joyous ease, emerging from the question period "beaming and happy, having said nothing he did not want to say." This was Churchill, nearing four score years, in his best form. A few days earlier he had been introduced by his Foreign Secretary to the 1954 Conservative Conference as the greatest man in the world.

No one can question Churchill's mastery of parliamentary repartee or of the English language, whether written or spoken. Nor is there any doubt that he stands head and shoulders above those British politicians who support him and those who oppose him. His acknowledged personal stature, after a long and arduous life spent largely in the hurly-burly of British politics, heightens the contrast between this story of personal political ascendancy, and another news story from London which also appeared on October 20, 1954, dealing with the British agreement to quit the military occupation of Suez.

Suez is an essential link in the British life-line to India and the Far East. Until recently, 83,000 members of the British armed forces have been stationed at this vital strategic base. As lately as the 1953 Conference of the British Conservatives, the delegates roared their approval when one of their floor leaders declared that Britain would fight if necessary to retain possession of this strategic outpost. On October 19, 1954, the agreement to withdraw was signed, sealed, and delivered.

It is little more than a decade since Churchill declared that he had not become the King's First Minister to preside over the liquidation of the British Empire. Despite his genius for politics and his rugged determination to maintain the supremacy of the Union Jack across the Seven Seas, under his Premiership the British Empire is being liquidated, step by inexorable step. During long years of this process Churchill has been First Minister. The story is told in detail, with admirable clarity in R. P. Dutt's recent book *The Crisis of Britain and the British Empire*.

One man may silence his political opponents and hold a legislative chamber, like the House of Commons, in the hollow of his hand. Nevertheless the forces of history treat the political genius as Hurricane Hazel treated the Carolinas, Washington, Buffalo, and Toronto on October 16, 1954.

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*I have sworn upon the altar of God, eternal hostility against every form of tyranny over the mind of man.*

—Thomas Jefferson

## THE ILLUSION OF FREEDOM

BY HENRY PRATT FAIRCHILD

### PART 2

Coming back to our main theme, just because natural laws are immutable, eternal, and universal, men have become accustomed to being controlled by them, and by and large do not resent them, indeed, are practically unconscious of the limitations upon freedom which they impose. It is the man-made laws that seem to tie us down and arouse our resistance and desire for change.

But here it is helpful to distinguish between two quite distinct types even of man-made laws. The first have to do with ethics and morality, with sin and evil. They are characteristically prohibitions of socially unsanctioned behavior. Typically, the condemnation by society comes first in the process of social evolution, and the legal enactment afterwards. Such are the laws against murder and theft (the two primary crimes), rape, arson, and so on. The second type of laws has to do with safety, security, and order: they are the rules and regulations of the game of social life. Such are traffic regulations, building and sanitary codes, wage and hour legislation, price control. The behavior dealt with in such legislation ordinarily has no intrinsic moral or ethical implications. And perhaps for this very reason, it is the type of legislation that is most likely to seem to be restrictive of freedom, and therefore to cause resentment. No one openly and overtly criticizes laws that are calculated to prevent admittedly immoral and socially sinful behavior. Much of the justifiable agitation about legislation has to do with efforts to control behavior in the shadowy and equivocal middle ground of morals and ethics such as obscenity, blasphemy, sex relations, and the like. Another very large area has to do with property, its acquisition, retention, uses, and transmittal. Tax laws evidently fall in this category. And of course the operation of "free enterprise."

In spite of its volume and its complexity, the prevailing concept of the law in the aggregate is probably erroneous. We are likely to think of the law as a great restraining force, limiting and hedging us about on every hand. Yet actually, with respect to the first type of law at least, the positive limitations placed upon the ordinary, normal citizen are almost negligible. It is improbable that a single reader of this page was ever prevented from committing murder, or

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## THE ILLUSION OF FREEDOM

rape, or arson because there was a law against it. The sanctions that restrain conduct in this area are of an entirely different order.

### V

The real essence of society is control. Social organization is possible only as its members conform to certain standards, patterns, and routines of behavior. The law is only one medium of implementing this control. Far more general, far more effective, and on the whole, fortunately, far less irritating are the instruments of persuasive control—the family, the church, the playground, all those agencies that mediate the desire for “recognition and response,” and most of all the desire of the individual for the good opinion of his fellows, and ultimately of himself. These controls have some resemblance to the laws of nature in that they operate unconsciously upon most individuals, and hence arouse minimum resistance. The coercive type of law exists for the sake of those individuals, or those types of conduct, that are not amenable to these gentler controls—a small minority, as a whole. Most of the people, most of the time, and with respect to most of their behavior, are not restrained by the law. And it must be remembered that every good law adds to freedom more than it detracts from it. The speed limits on the highways—obnoxious as they may sometimes seem to you as a driver—free you to a large extent from the danger of sudden death. The quarantine regulations, burdensome though they may be when some one in your family is ill, provide you and others with the liberty to keep well. Smallpox has been practically eradicated through legislation which many individuals bitterly oppose, and many other diseases are similarly being reduced to a minimum. Illustrations might be multiplied indefinitely.

### VI

Life on this finite planet is so ordered that one freedom is often incompatible with another. The individual is frequently compelled to choose among two or more conflicting freedoms. There is nothing that he can do about it. All he can ask is that the choice be his own, and free.

Likewise, different types of society offer very different configurations of freedoms. Some appeal to one individual, others to another. If you were offered guaranteed employment at a comfortable living wage, and old age security, at the price of relinquishing your right ever to engage in private business on your own, which would you choose?

The illusion of freedom is strong in direct proportion to the degree of unconsciousness of the factually operating controls. It is generally true that the unconsciousness of the controls is in direct

proportion to their habitude. One is unlikely seriously to miss a freedom he has never enjoyed. There is a familiar saying in economics that "every old tax is a good tax—every new tax is a bad tax." In a similar sense, every old limitation of freedom is a good limitation, every new limitation a bad one.

It might appear, then, that the society which feels the freest is the society which is most conservative. And this may be true—or it might be true except for one crucial thing. That is the fact of social change. This is a universal and ineluctable fact. The one thing about human experience that does not change is change itself. Social evolution is always in process. And every change in the social structure or in the physical instruments of culture necessitates a change in the rules of the game—in the complex of controls—if peace, security, and order are to be maintained. We have to have new taxes and we have to have novel limitations on freedom. Hence arises the difficulty, a difficulty that becomes more and more challenging as the tempo of social change accelerates.

It is the old problem, visualized long ago by Coleridge among others, of the conflict between permanence and progression. One of the basic principles of sociology is that the area of control must coincide with the area of relationships. And since the area of relationships has now become global, mankind is forced to grapple with the problem of world government, however difficult and remote its realization may be.

## VII

Since men cannot be free, the goal of social endeavor should be to make them *feel* as free as possible. The illusion of freedom is a genial one. Pending the realization of the rosy vision of the "withering away of the state," society must have force at its disposal. The illusion of freedom is most nearly perfect in that society which is most democratic, that is, where the people as a whole, acting as individuals or as self-organized groups, determine where the authority to use force shall be located, and how and when it shall be used.

As already indicated, no two societies, though equally democratic, will necessarily make the same decision on this crucial point. One of the most extensive and damaging fallacies which afflict the modern world is the assumption that all societies would, or ought to, choose precisely the same pattern of limited freedoms. Possibly the United States is more prone to this fallacy than any other country—or possibly it is our power and dominating position in the world that make it seem so. Certainly it is the besetting sin of many of our leaders of thought and influence to take it for granted that every other country in the world would welcome precisely the same form of

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social, governmental, and economic organization which we enjoy in the United States, and which we believe has made us great. They completely ignore the truth that a people which has not been used to a particular freedom does not greatly miss it, or, conversely a people that has long been habituated to certain forms of control does not resent them—until some one comes along, as we seem assiduously to be trying to do, and teaches it to resent them. And what we, with all our good intentions, forget is that by encouraging them to seek new freedoms we may cause them to lose some of the old ones, and the result may not be an improvement.

We ourselves are going through an analogous process right now. In our frenetic effort to safeguard some of our freedoms we have destroyed a number of other ancient and highly cherished freedoms. An American is no longer free to travel where he will—in uncountable thousands of cases he is not free to travel anywhere where a passport is required. An American is not free to trade where, and in what, and with whom he wishes. He is not free to associate with whom he pleases, to read the books he would like to, or to see the kind of movies, or to listen to the kind of radio programs, or to see the kind of telecasts that he might enjoy. And certainly he is not free to express certain thoughts, beliefs, or ideas, either orally or in writing. This might be defensible under one condition—that the people themselves, by the free expression of their own will, had determined that it should be so. It is far from defensible if these limitations of freedom are imposed upon the whole populace by a small but effective minority, or, even worse, by a few self-seeking, domineering, and power-crazed individuals who have managed to get control of the scene, largely through appeal to an artificially stimulated fear.

### VIII

The only complete freedom that the individual can hope for in modern society is the freedom to share equally with other mature citizens in the determination of the rules of the game, in the establishment of the controls under which he and his fellows are to operate—in brief, to decide what kind of a society he wants to live in, and to have it. And this is democracy. The form of government and the type of economic organization thus decided upon are secondary. Certainly it is not to be expected that any two peoples, not to say all peoples, would choose precisely identical sets of rules.

On the global scale, it is the very denial of democracy for any one nation, however satisfied it may be with its own configuration of freedoms, to try to impose its pattern on other peoples. If it can help some other nation, at the latter's request or at least with its willing consent, and without the use of force, to improve its pattern

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—that is, to get it more into harmony with the will of its own people—all well and good. But even that is a risky path to venture on. It requires almost superhuman wisdom, understanding, unselfishness, patience, and self-control, along with supreme self-confidence, on the part of the “helping” nation to know how to begin and when to stop. An international organization like the United Nations should be the medium for achieving these ends, and let us hope that before it is too late it will be.

Finally, it must be recognized that the term “free world,” as currently and enthusiastically used in the sense of a congeries of “free” nations, is a lamentable misnomer. A nation can no more be free than an individual. Actually, even less so, for there is as yet no recognized and accepted world state. There is something called “international law,” but it is not true law with respect to its bearing on freedom, for there is no established body, authorized and equipped to use force in the protection of its member units. No human group that is under the potential compulsion of having to use force in order to preserve its own chosen freedoms can itself be considered free. The world today is essentially in the vigilante stage of our early Western frontier. Certain freedoms exist, but they preclude certain other, far more precious, freedoms. When every individual is free to carry a gun no individual is really free.

Two major ideologies, and numerous minor ideologies, are today striving for the acceptance of the human mind and will. It is vain to hope that any one will eventually achieve complete dominance. The only hope for peace, and the measured freedom that goes with it, is that the peoples of the world shall come to such a tolerant understanding—an “agreement to disagree”—as will make it possible to set up some kind of a global authority that will be powerful enough to relieve individual nations of the necessity of being prepared to protect their own freedoms by the use of force. Then mankind will be as free as it can ever hope to be.

It must be confessed that the difficulties in the way of this consummation are so great as to seem to put it far into the future. But, as already recognized, the tempo of social change is constantly accelerating, and results can be achieved today in a year that once would have required generations or centuries. So we may hope. And in the meantime it is incumbent on all individuals to accept cheerfully the limitations on their freedoms that make greater freedoms possible, and for nations to concede the right of other nations to determine their own configurations of freedoms to suit themselves, and to recognize the necessity of the spirit of compromise when, as must necessarily happen, two or more patterns of freedom come into conflict with each other.

## GUATEMALA

The recent fake elections in Guatemala, the principles of the agrarian counter-reform, and the proposal to restore to the Catholic Church the big estates which were confiscated in 1871, all prove that the attack on the Arbenz government, launched under the banner of anti-Communism, had as its real objective the reinstalling in power of the most brutal and archaic social reaction. In addition, the Guatemalan war let loose throughout Central America a wave of social agitation and distrust of the United States which has resulted, in Costa Rica, in a stiffening of the Figueres government and the imposition of measures limiting the privileges of United Fruit; in Honduras, in the liberal electoral victory of October; in Cuba, El Salvador, and Panama, in a shift of public opinion to the Left which the respective governments are unable wholly to ignore. The Guatemalan question thus dominates the political evolution of Central America and is likely to continue to do so for a long time to come.

To assist our readers to a fuller understanding of Guatemala and its importance to all our neighbors to the South, we publish below a criticism of the article by Elena de la Souchère which appeared in the July 1954 issue of MR ("Guatemala: No Communist Bridgehead"), together with Mlle. de la Souchère's reply. The criticism was written by a graduate student at a large American university who for a number of years lived in close contact with Guatemalan students preparing in the United States to play an active role in modernizing their own country. It is ironical that United States official policy has now prevented these Guatemalan citizens from putting to use the knowledge gained at one of our great centers of learning.—THE EDITORS

## GUATEMALA'S SOCIAL REVOLUTION

By A Graduate Student

In reading Mlle. de la Souchère's article, I found important divergences between her account of Guatemala and the picture I have built up as the result of many discussions, conversations, and arguments over the past few years. Academic as it may seem, now that a military junta has overthrown the one democratic government in the country's history, these divergences involve points central to a proper understanding of Guatemala's social revolution and thus to an assessment of the probable course of future events both in that unfortunate land and in other Latin American countries.

With the confirmation of my friends that Mlle. de la Souchère's

account is in certain respects in error, I should like briefly to outline the unfortunate impressions that are created as a result and to suggest more appropriate ones. These impressions revolve around three contentions of Mlle. de la Souchère:

(1) President Arbenz defeated former President Arévalo for re-election through a program based on land reform as its mainstay (p. 110).

(2) The agrarian reform aimed at the creation of a large class of small *landowning* proprietors, "prosperous small farmers personally interested in the defense of private property." (p. 112).

(3) The inspiration of Guatemala's social revolution was derived from Peron's Argentina and Peronista ideas. This is suggested by the connection made between Arévalo's Argentine exile and some of his policies (p. 107).

All three of these contentions are wrong, and it is only by correcting them and putting the facts in proper perspective that a clearer understanding of Guatemala's recent history can be achieved.

(1) The fact is that Guatemala's constitution, which Arévalo did so much personally to create, forbids more than one six-year term for a president. In this respect, it follows Mexico's example. Further, I am assured that Arbenz was picked by Arévalo to succeed him, with the hope that this bright and promising former officer could keep the army under control and thus continue the progress which had begun. Up to June of this year, this was quite the case. In 1950, Arbenz handily defeated the candidates of the Right and Center, one of whom, General Ydigoras Fuentes, the candidate of the Right, was named earlier this year before the United Nations as one of the plotters of an invasion of Guatemala along with Colonel Castillo Armas. (The pre-election scene was hectic, including, among other incidents, the death in ambush of the head of the Army, the late Colonel Arana, in what was described at the time as a plot to take over before the elections. It is this death that is now being labeled murder and charged to Arbenz.)

Thus the government and its program were both essentially *continuous* from 1945 onwards. Arévalo and his associates laid the basis for a democratic trade-union movement and for the peasants' associations through legislation based on the Wagner Act, not on Peron's corporate labor ideas. Unions in Guatemala date from this time, and it was to Vicente Lombardo Toledano that Guatemala's leaders looked for aid in labor organization. The land reform was planned by Arévalo's administration, and Arbenz inherited it as the major step on the road to developing the nation's economy.

(2) This brings us to the agrarian reform itself. Its aim was *not* a private-property system. It was rather aimed at destroying

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feudal conditions and building the indispensable foundation for industrial growth—a surplus of food to feed the peasants and the cities, and a self-sufficient and healthy agricultural economy. Without this, any industrialization would follow the path of colonial exploitation and dependence through the now familiar pattern of exporting the nation's wealth and importing basic necessities made scarce by the ruination of local farm economy.

An examination of the Guatemalan agrarian reform shows it to have been a model of intelligent social action based on Guatemala's conditions and Mexico's experience, but containing many important new features which could serve as a guide for other countries. Its background lies not in the unused fruit company lands, but in German properties which were confiscated during World War II and have been publicly owned and operated since 1944.\* The most important features of the program were as follows:

(a) The land was *not* given or sold to individual owners; it was all *owned* by the government and *leased for life* to individual farmers or cooperatives for a very modest rental (about 5 percent of the crop with a proviso for adjustment down in case of hard times). The purpose of this arrangement was to prevent the land from returning to the hands of large owners again as individual farmers died, failed, were foreclosed for debt, or sought to sell in hard times. In this way, some of the faults of Mexico's early reform were corrected and a bold new venture in social ownership of land for backward countries was inaugurated. (It might be noted that New China allows ownership and sale of land deeded to peasants.) It is important to note that one of the first projected means of dismantling this program by the present junta was a proposal to transfer the land outright to the peasants. This would be a shrewd maneuver to win support from the peasants while planning their undoing. A bald program of restitution to the former owners, by contrast, would be almost certain to evoke strong resistance. At the same time the junta's policy leaves a great hole for a giveaway of *government-owned*, but still undistributed, lands to "loyal" supporters.

(b) While the family of the landholder had first rights to continued use of the land in event of his death, a refusal to work it meant loss of all claims except to personal property and worked crops.

(c) Credit facilities were provided for the new landholders at low interest rates to enable them to expand and diversify their pro-

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\* Of the more than 1,875,000 acres involved in the agrarian reform, over 689,000 or 36.7 percent were "National Farms," lands owned by the government prior to the Act. Only some 381,000 or 20.3 percent were expropriated from the United Fruit Company. Approximately 717,000, or 38.2 percent were taken from native and other individual landowners, while some 89,000 were "municipal lands."

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duction. Special arrangements were made for cooperatives and extra credits made available to them along with other forms of assistance.

In all this, however, it should be noted that the *pure* Indian population was in the main completely unaffected by the agrarian reform. Over 50 percent of the population is pure Indian, and the Indians are linguistically, culturally, and economically almost isolated from the rest of the country, living according to their own social pattern. The attack on this problem, with its many-sided aspects, was still in the experimental stages when the overthrow occurred. For example, not only are the Indians illiterate, but until last year there were no alphabets for their 20 dialects, representing variations of three or four basic tongues. By this year, there were six alphabets but text books in only two, Kekchi and Cakchiquel, and their use was in pilot projects which would largely determine the policy to be followed with regard to the others. Needless to say, the new junta, which has already disfranchised the illiterate, has less than no interest in continuing this imaginative and exciting policy of bringing the Indians into the modern world.

(3) This brings us to the final point. I have been told, and I believe the above remarks bear it out, that it is primarily from Mexico that the Guatemalan leaders sought and received aid and inspiration. It is to Arévalo's post-presidential role as roving ambassador of goodwill that Cardenas' interest and support of the Guatemalan program is credited; and it is from Mexico that attitudes towards land, labor, and foreign capital can be seen to be derived. The only point at which Peron and Guatemala meet is on the question of foreign investment, and this is a tenuous link to the Peronistas.

Finally, let us outline some of the salient features of Guatemala's economic situation prior to June 18:

(a) Guatemala refused foreign capital *privileged* access to potential petroleum and mineral resources, preferring to let these lie dormant until they could be internally developed and utilized. The 1945 Constitution provided for public ownership of all sub-soil wealth.

(b) In spite of the stereotyped picture of Guatemala as a "Banana Republic," coffee is the major Guatemalan export product, consistently accounting for over 80 percent of its export revenue. Bananas, sugar, and chicle make up most of the balance.

(c) Guatemala's economic progress was a model to neighbors and as such constituted a grave threat to the pattern of United States economic domination of Latin America. At the same time that wages and living conditions were being improved, while educational and welfare progress was proceeding rapidly (at relatively great expense), Guatemala was eliminating its entire foreign debt. The quetzal remained at par with the dollar, and Guatemala's balance of trade



## GUATEMALA'S SOCIAL REVOLUTION

with the United States went from a deficit in 1949 to a surplus which mounted yearly from 1950 on.

(d) A mildly socialistic program, still mostly in the planning stage, called for eventual public ownership of the means of transport and hydro-electric power. Certain factories (for example, sugar cane) taken over from the Germans were already operated by the government, and it was taken for granted that as time went on, public investment would enter other fields, especially those neglected by private capital. And, as Mlle. de la Souchère pointed out in her article, a broad and progressive program of education, housing, and social welfare had been developed and was being enlarged from year to year.

All of the foregoing, plus the firm maintenance of truly free and democratic political processes, made Guatemala without doubt the most socially advanced nation in Latin America. Its leaders were intellectuals and enlightened bourgeois elements, but their real strength lay in the trade unions and farm workers. If any resistance to the new junta develops, it will probably be from the latter groups and from the peasants who received land (as soon as the real aims of the new regime become clear).

Guatemala's people have the misfortune to be too near the United States to be able to resist American economic, political, and ultimately military interference; of being too small to become a major international issue; and, ironically, of being too democratic to prevent an organized act of aggression from enlisting decisive support from within.

But I believe that the inspiring achievements of the Guatemalan Revolution during the fateful decade of 1944-1954 will become symbols of the future awakening of the Americas.

I hope that this communication will serve to correct certain unfortunate impressions conveyed by Mlle. de la Souchère's article. In other respects, I should like to make clear, I found her analysis interesting, well reasoned, and helpful.

## REPLY

By Elena de la Souchère

The fury of the social reaction which now grips Guatemala has surpassed the worst fears and proves that the motives of the plotters were indeed those attributed to them (see MR, July 1954, pp. 114-

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115). The letters I have received from Guatemala indicate that my interpretation of events conforms to the observations of Guatemalan readers and that differences are limited to secondary issues. In what follows, I shall confine myself to commenting briefly on certain criticisms which Graduate Student directs at my earlier article.

I am reproached with attributing to banana production an unduly large role in the Guatemalan economy. It is true that Guatemala stands in third place among the Central American countries as a producer of bananas, with an average output of 150,000 tons per annum as against 370,000 for Honduras and 220,000 for Costa Rica. On the other hand, in the production of coffee Guatemala, with an annual average of 65,000 tons, comes immediately after El Salvador which is the largest Central American producer of this staple. However, in an article dealing with a period of acute conflict, it seemed appropriate to place the emphasis on the sector of the economy which stood at the very center of the struggle.

Criticism has also been leveled at the treatment of the retirement of Arévalo and the election of Arbenz, which I offered as an example of respect for democracy. It is said that the Guatemalan Constitution forbade the re-election of the outgoing President. But this clause, which figures in most of the constitutions of the American republics, has frequently been evaded by a plebiscite, or a vote of parliament, or even by a petition bearing a certain number of signatures. Even in the United States, where tradition is against re-election of the president beyond a second term, Roosevelt won third and fourth terms without in any way altering the democratic character of the country's institutions. President Arévalo, in 1950, enjoyed the kind of prestige which would have made it quite reasonable for him to count on a change in constitutional practice. If he abstained from presenting himself as a candidate for re-election from pure fidelity to the letter of the constitution, he was certainly offering a fine example of democratic virtue. But it is also possible that he took account of the evolution of his own party, the Party of Revolutionary Action, which had been the vehicle of the governmental majority since the Revolution of 1944. This party, which had chosen Arévalo as its candidate in 1944, moved to the Left in the next six years, and the majority of the party seemed by 1950 to have been won over to the radical program espoused by Colonel Arbenz. The leading measure of this program was the proposed agrarian reform which was aimed principally at United Fruit, the country's largest landlord. It is true that Arévalo had instituted a study of agrarian reform, but it is no less true that he had thought it necessary to postpone the actual enactment of a reform program. Both his presidential term and his subsequent conduct attest to Arévalo's caution, based on a realistic understanding of the powerlessness of his country and the omnipotence of

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the opposing interests. It would not be surprising if Arévalo at some time in the future should endorse a kind of temporizing policy similar to that of the Costa Rican President, Jose Figueres. (Convinced that the Central American states are not in a position to oppose the fruit company frontally, but only to limit its encroachments, President Figueres negotiated in July a contract with United Fruit which gives to Costa Rica about 42 percent of the profits arising from the export of bananas. We shall soon know whether this moderate, but nonetheless firm and effective, course will save Costa Rica from a test similar to that brought on by the boldness of Arbenz's reform program.)

The principal object of this program, as I wrote earlier, was the creation of a class of small landowners. The purpose of granting a life interest in parcels of which the state remained the theoretical owner was to make the land inalienable and thus to protect the new proprietors against the kind of evictions which have despoiled the Mexican peasants and ruined the reformist achievements of President Cardenas. The fact is that, under physical threat or moral intimidation or for lack of the means of cultivation, many beneficiaries of the Mexican agrarian reform have been forced to sell their holdings to the former landlords. In order to get around the provision of the law limiting private holdings to 150 hectares, the big landlords have registered their holdings in the names of relatives or henchmen. To avoid such practices as these, the Guatemalan law of 1952 maintained the state's theoretical ownership of the allotments to peasants. But these took the form of small plots for individual cultivation, and the Arbenz government even went so far as to divide up the great coffee plantations which had been regarded as national property since their expropriation from German interests near the end of World War II. There is no doubt that the Guatemalan government intended to confirm the children of life tenants in possession of the soil and to square the legal system with the realities of small-scale private cultivation, once the danger of evictions had been removed through the cultivators' becoming entrenched on their land and through the education of the mass of the peasantry.

For the rest, the legislature itself unequivocally defined the character and aims of the reform: the preamble to the 1952 law presents it as a "liquidation of feudal property, *having the tendency to develop in agriculture the forms and methods of capitalist production.*"

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*American law, American order, American civilization, and the American flag will plant themselves on shores hitherto bloody and benighted, but by those agencies of God henceforth to be made beautiful and bright.*

—Senator Albert J. Beveridge, 1898

## OUT OF YOUR POCKET

BY DAREL McCONKEY

The plate in which false teeth are set is made of methyl methacrylate—a wonderful material also used in the nose and turrets of bombers. Rohm and Haas makes the material under the name of Plexiglas. DuPont makes it under the name of Lucite. These two companies sold dentures of the material to small dental manufacturers at \$4 each. The manufacturers found that by "cracking" the commercial powder from which the dentures were made they could save a lot of money. They paid 85c for one pound of the powder and from it they got fifteen dentures. If they bought fifteen dentures at the cartel price they would have to pay 15 x \$4 or \$60. Naturally they bought the powder.

Now in the cartel world, if you try to save money in this way, you are called a chiseler or "bootlegger." The cartel firms wanted to do something about these "bootleggers." What to do?

Here is part of a letter which indicates what Rohm and Haas considered as a possible solution to the problem: ". . . if we could put some ingredient in our commercial molding material which would disqualify it under the Pure Food and Drug Act, this would be a fine method of controlling the bootleg situation. . . ."

The ingredients they considered were **arsenic and lead**.

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*(continued from inside front cover)*

only one we know that shows what monopoly means to you, the individual consumer. We are offering the book at \$1 a copy or three copies for \$2. The three-copy price is a real bargain and should help you to solve your Xmas present problem. For further details, see p. 302.

It is very good news that Corliss Lamont has taken the lead in setting up a Bill of Rights Fund to aid victims of the witch hunt. Mr. Lamont is getting the ball rolling with a contribution to the Fund of \$50,000 and has set a goal of \$1 million. If you are in a position to help raise this sum, we strongly recommend that you do so, either through contributing yourself or raising money in your community. Corliss Lamont is one of the all-too-few absolutely consistent supporters of civil liberties for all, and the fact that he is chairman of the new fund guarantees that the money will be put to the best possible use. All communications should be addressed to Mr. Lamont, Chairman, Bill of Rights Fund, 450 Riverside Drive, New York 27, N. Y.

One of the most horrifying of all the current civil liberties cases is the Louisville case described briefly in the article in this issue on the problem of desegregation in the South. As usual, funds are urgently needed for the defense and can be sent to Carl Braden, P.O. Box 1302, Louisville, Kentucky.

Some of the most cheerful news to come out of the recent election originates in Hawaii. Since the mainland papers have printed little on the subject, at least in the East, it seems worthwhile to quote from a letter from one of our Hawaii subscribers:

... in Hawaii there was a revolution by ballot. For the first time in the fifty-four year history of the Territory, the Territorial Legislature is in the hands of Democrats. One of the most interesting facts is that virtually all professional and machine politicians were swept out of office, and the majority of the new legislators are young lawyers of high ethical standards, mostly Japanese veterans. To illustrate, the Fourth District, which comprises about half of the City and County of Honolulu, has always been considered an impregnable stronghold of the Republican Party. There never have been more than two Democrats out of the six to be elected, and the only kind of Democrat who stood a chance in that district was really a Republicrat. This time, incredibly, only one Republican survived, running in fourth place, and four young Democratic lawyers of Japanese descent and one woman school teacher were elected.

Of course, in all this the ILWU [International Longshoremen's & Warehousemen's Union] had a decisive influence. Its influence controls the outcome of the election in two of the counties, the counties of Maui and Kauai. In the other two counties, it cannot elect but it has what you might call a veto power. . . .

A former Canadian subscriber now on a Kibbutz in Israel writes us that they have one copy of MR for 180 people and asks any readers who do not save their copies of MR to send them to the Kibbutz where they will be highly appreciated. The address is Dov-Ber Cohen, Kibbutz Gel-on, Doar Na, Chof Ascalon, Israel.

Letter of the month:

"This is just to tell you how much I enjoy MR, and respect and admire the courageous stand you have taken through these troubled years. Your piece on the elections in your October issue is a sober and nobly written summary. Every month I look forward to reading MR cover to cover. It is one of the few voices that remains to speak for cherished values."

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